

## EXECUTIVE SUMMARY

Iowa has made great progress in building a transportation system to serve the people of the State, its agriculture, commerce, and industry. Substantial achievements have been made during this period in which the State witnessed unparalleled growth and prosperity. Much of this system development occurred at a time of expanding federal-aid for transportation programs.

However, circumstances have dramatically changed in the last few years. Inflation within the transportation area has exceeded the consumer price index. Having built an extensive transportation system, maintenance of that system is now requiring an increasing proportion of available funds. Fuel conservation, a desirable goal, has resulted in reduced public sector transportation funds. There are current discussions that certain federal-aid programs will be reduced and, in some cases, be eliminated as a part of the new federalism initiative.

Today, transportation programs are being redirected from the system expansion philosophy to a system preservation approach. In recognition of this new direction, Governor Ray appointed the Blue Ribbon Transportation Task Force to provide guidance concerning specific steps that can be taken to:

- Achieve maximum efficiency in the utilization of transportation resources
- Preserve essential transportation services and facilities
- Achieve equitable distribution of transportation and its associated costs.

Having identified the principal issues for transportation, received and reviewed information from many sources, and considered many alternative actions and their impacts, the Task Force has developed a series of recommendations for presentation to Governor Ray and for consideration by the Legislature. A summary of the major elements of the action taken by the Task Force follows.

### Shifting Emphasis

Because of the magnitude of the financial problems facing the transportation system, it is essential that there be a redirection in transportation programs. This emphasis can best be illustrated by indicating the Task Force's recommendations for a revised transportation goal statement:

"The transportation goal for Iowa is to provide and preserve adequate, safe, and efficient transportation services based on the use and/or benefits that accrue to the public". (Words underscored denote revisions.)

The Task Force strongly recommends that maintenance be accorded top priority in all transportation programs. The State cannot afford the enormous costs which will result if deterioration of the system is permitted. Not only would massive amounts be needed at some future date to rebuild the system, but

transportation costs for the State's people, agriculture and industry would also increase dramatically.

The need to make selected improvements in the system is recognized. However, major expansions of the system are clearly not in the best interests of the State. In particular, further expansion of the highway system should not occur except in unusual conditions. Improvements to the system should be directed to the provision of adequate capacity and the elimination of safety hazards rather than the addition of more mileage.

A similar philosophy is needed regarding the State's airports. The large size of the airport system, while obviously having various positive impacts, has also resulted in the need for substantial local and state financing. The Task Force recommends that the number of airports eligible for State project funds be reduced, and that the State encourage the development of multi-jurisdictional district airports. Consolidation of airports will improve the quality of services available to the public while reducing the overall costs of the airport system.

Historically the return on investment by railroad companies has been so small that some companies have been forced to defer essential maintenance on the rail system and have abandoned many unprofitable branch lines. Recognizing the problems confronting the railroad companies, the State has supported certain branch line abandonments where cost/benefit relationships indicated a lack of economic justification for service retention. However, the rail system is fast approaching an optimally sized system. The Task Force recommends that the railway bonding and branchline assistance programs continue. Additional State funding should be provided to offset any lost federal funds for programs.

Capital projects for the transit system are funded up to 80 percent by the federal government. In addition, federal subsidies for operating costs are also provided. However, it appears that federal operating subsidies will be severely reduced, or eliminated. In view of this shifting emphasis, it is recommended that increased local support for transit be encouraged through provisions for a local option tax. In addition, selected fare increases should be encouraged, with special concessionary fares for those who cannot afford to pay the full fare. Also, the Task Force recommends that State funding for public transportation should increase in line with cost increases.

Up until 1980, maintenance and operation costs for the inland waterway system were borne by the general revenues of the federal government. However, a new federal waterway user charge has been instituted to recover a portion of these costs. Iowa should continue to support a waterway user charge which is equitably assessed and which recognizes the many beneficiaries of the waterway system. Maintenance of the inland waterway system and elimination of major bottlenecks are in the best interests of Iowa's economy because of the heavy use of the system for grain shipments.

## Cost Savings Measures

Many of the recommendations developed by the Task Force are designed to achieve economies in Iowa's transportation programs. The Task Force strongly recommends a movement toward a more optimally sized system. Legislation should be adopted which will remove existing impediments to the vacating of low priority roads and streets. Implementation of a new classification of low priority roads to be referred to as "Land Access Roads" should be sought. Only adjacent landowners should have rights to ingress and egress, and the liability on such roads, including maintenance responsibilities should be relieved. Reductions in the size of the transportation system should lead to various economies and facilitate the application of transportation funds where they are most needed.

To achieve increased competition and greater trucking efficiencies, it is believed that governmental motor carrier regulations should be relaxed. Greater reliance should be placed on the free market place.

Maintenance must receive increased attention and programs must be designed to achieve the most cost effective approach to system preservation. The Task Force encourages the use of contract maintenance on a cost/benefit basis, and the continuation of research to develop cost effective means of preserving and maintaining transportation capital investments. It also recommends a State requirement for counties to develop a plan acceptable to the Transportation Commission for reduced maintenance, including snow removal, on some county roads.

To achieve further economies, there should be a major movement toward the consolidation of maintenance systems which serve each county. One of the two maintenance systems, state or county, should be eliminated. The long-term objective should be to include cities in the consolidation plan so that eventually there is one maintenance operations in each county.

Additional savings can be achieved through the realignment of highway system responsibilities. The State should have jurisdictional responsibility for a road system which encompasses all federal-aid systems (approximately 25,000 miles); counties should be responsible for the remaining roads in unincorporated areas (approximately 76,000 miles); and cities should be responsible for all streets in incorporated areas which are not on the federal-aid system (approximately 11,000 miles). The Task Force also recommends that there should be design, construction and maintenance consistency between State and county road systems, and that design criteria and maintenance levels should be adjusted to make maximum use of available funds.

The Task Force recommends that the State undertake a feasibility study of joint school bus/public transit operations in order to achieve improved overall efficiency. Two pilot projects should be established, one rural and one urban, to evaluate a cooperative effort among various transit providers, including school district providers, public transit providers, and others. Ap-

propriate incentives should be developed to encourage the implementation of such pilot projects. Additionally, Chapter 601J of the Code of Iowa should be amended to encourage school transportation operations to be coordinated with other public transportation programs in a mutual effort to reduce costs.

### **System Financing Measures**

Implementation of Task Force recommendations will achieve economies through the containment and reduction of the size of the transportation system, adjustment of design criteria and maintenance levels, consolidation of facilities and functions, and improved cooperation and coordination in transportation programs. However, these measures cannot be expected to totally eliminate the needs of the transportation system. These recommended changes will reduce the amount of funding required, but will not offset factors such as continuing inflationary impacts and the subsequent reduced purchasing power of transportation dollars.

However, before any transportation tax is increased, the Legislature should carefully consider the impact of the increase on total tax receipts because of elasticities of demand. Taxes can be raised to a point where they are counter-productive.

Accordingly, it is recommended that the State's involvement in the transit program be continued at the 1976 appropriation level of \$2 million, with incremental increases to account for lost purchasing power. This would require an appropriation of approximately \$3.5 million.

A \$3 million annual appropriation to the Rail Branch Line Assistance Program is recommended. Also, forward reviews should be performed by Iowa DOT to ensure that branchline rollover funds are returned to the State when the needs of all economically viable branch lines have been satisfied.

Legislation is needed to permit local jurisdictions to fund airports via local option taxes. Additional revenues for the State Aviation Fund should be provided by eliminating inequities which exist in the current tax program. These include the elimination of the refund now applicable to the aviation fuel tax and the establishment of a 13 cents per gallon tax to be placed on jet fuels, with an exemption granted to common carriers.

In the view of the Task Force, the State should delay any increase in the Iowa motor fuel tax until the full impact of the proposed federal tax increase of 5 cents per gallon is known, and until the Task Force's cost savings recommendations have been given a chance to work. In the meantime, the Task Force believes that the Iowa motor fuel tax should be indexed on the basis of road reconstruction and maintenance costs, and it also suggests that revenue bond financing be used under certain circumstances.

As indicated above, changes are recommended in the jurisdictional responsibilities for highways and in the manner in which maintenance is performed.

The Legislature should alter the existing distribution formula for the Road User Tax Fund in order to achieve the aims of these recommendations.

### Implementation

Having examined the State's transportation issues, it is the belief of the Task Force that implementation of its recommendations will enable Iowa to adapt to its changing needs and priorities of the 1980's and beyond.

The Task Force's 60 recommendations involve policy modifications on the part of the General Assembly, the Transportation Commission, the cities and counties, and the Iowa Department of Transportation, as well as other public agencies and private interests. Therefore, a concerted effort by diverse groups is needed.